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**The Perspectives of Danube Strategy in the EU28:
The challenges for the ECE-WB interregional cooperation**

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Introduction: DRS and the basic megatrends of the EU transformations

The Baltic Sea Regional Strategy (BRS) and the Danube Regional Strategy (DRS) indicate the three basic megatrends in the institutional and policy transformations of the EU, and accordingly in the EU political science:

First, the EU institutional and policy developments have always been the main drivers in the changes of paradigms in the European political science, since the EU has constantly provoked new and new creative ideas, terms and approaches as conceptual innovations in political science. This process is at the same time the emancipation of the European political science from the US dominated political science. The paradigm-framing role of the EU developments has become evident in the European Political Science in general, and in the multilevel governance (MLG) analysis in particular. This "megatrend" of the European political science is particularly clear in the case of the functional macro-regions (FMR) as the BRS and the DRS.¹

Second, the global megatrend is the emergence of the structured or institutionalized global world. The usual general statement has been so far that the global world is chaotic and at most it may have only some kind of "neo-feudal" structure with the differentiated realms of global security, economy, society and culture. Nowadays, however, the opposite process can be noticed as the institutionalization of the global world with the several layers of regionalization: (1) the continent size mega-regions, (2) the multi-country macro-regions, (3) the sub-national meso-regions and (4) the micro-regions within. The EU itself is the very first well institutionalized mega-region as "regionalism with a strategic design" with well arranged meso-regions and micro-regions within, and the EU has pioneered in the world-wide regionalization process by creating the emerging functional macro-regions as the "missing link". Thus, the FMRs cannot be understood without the initiative of the EU for institutionalization-regionalization of the global world. It has appeared in the EU in a special way as the combined and parallel process of "globalization cum regionalization", i.e. promoting the interregional contacts with the neighbouring states and supporting their internal regionalization, since the EU cannot play an important role in the global world without regionalizing-institutionalizing its own neighbourhood.²

Third, the EU internal megatrend is the “integrative balancing”. The EU integration is a relative homogenization process, which upgrades the weaker partners and facilitates their catching up process with the other member states, although this megatrend has been shaken to a great extent by the global crisis (see Ágh, 2012a). At the same time, it keeps the principle of differentiated memberships and protects the socio-cultural diversity of member states. Differentiated membership is both an opportunity and danger for the EU. It is an opportunity for development and adjustment as an innovative diversity for the further structural differentiation of the institutions and policies. Differentiated membership, however, is also an acute danger of fragmentation and peripheralization if the sufficient level of the political-legal and socio-economic homogenization as the common denominator has not been kept and recreated. Therefore, the EU history has been a careful integrative balancing between homogenization and differentiation, which has been redefined in all new steps of enlargement as it will be so in the Croatian, and/or the further West Balkan cases.³

The DRS is a “multilevel” answer to the territorial challenge, since it has to be formulated *first* at the level of those concerned member states, *second* at the level of all river states as a giant development programme, *third*, at the EU level as a “meta-program” for all member states, including the common Rhine-Main-Danube waterways as a huge logistic programme. Finally, *fourth*, at the global level as a part of the EU programme for improving its global competitiveness by upgrading the internal cooperation in the Danube region and enabling it to dynamize external EU relations. The Danube Region has been the largest unused territorial potential of the EU and the real challenge is the mobilizing of this neglected – actually wasted - territorial capital by turning it into a powerful macro-regional social capital. The extent to which territorial capital can be turned into social capital is the key issue not only for the (macro-) regional competitiveness in the global context, but also for the global competitiveness of the EU as a whole. For the EU the DRS brings about creating and connecting market corridors to four directions – to the North Western, South European, East European and Middle East markets – that will increase the global competitiveness of the EU a great deal.⁴

The main issue still is that “The Danube Region has changed dramatically. (...) The world’s most international river basin is now largely a European Union (EU) space.” (European Commission (2010b:3). “Macro-regional strategies are prime test case of what territorial cohesion means in practical terms.” (European Commission, 2010a:1). Consequently, the DRS is an organic part of the EU identity and it is also the test case of the innovative capacity of the EU as discussed below. Thus, neither the member states, nor the subnational regions (NUTS2) but the functional macro-regions between the EU level and member state level can offer a new, innovative organizing principle and conceptual framework for the EU2020, since in the renewed cohesion policy the new

macro-regional strategies may be the breakthrough towards “the Europe of the Macro-Regions”.

For a deeper analysis of the DRS it is necessary to give a definition for the functional macro-region (FMR). In the CoR formulation its three dimensions have been clearly distinguished: “Regarding a possible definition of an EU macro-regional strategy, most participants agreed that a) it has a geographical and territorial component, b) it presents a form of integrated and, occasionally, innovative policy making, and c) every strategy is unique in and by itself, but should nevertheless remain open to outside participants. The relevance of various stakeholders and citizens' participation was also underlined in terms of better inclusion and transparency of such initiatives.” (CoR, 2009a:6). In the follow-up discussions the definition of macro-regions has been further developed: “The macro-regional strategy added value is the integrated approach, namely the multi-level and trans-national governance for an effective coordination of EU, national and regional instruments and financing flagship projects. The innovation concerns the building of a new governance for achieving more efficacy in facing common challenges and opportunities.” (Stocchiero, 2010b:3). Moreover, “The macro-regional strategy sets out to integrate different policies, programmes and funds. However, the cohesion policy represents the main framework of application because the objective is to sustain territorial cohesion in vast areas.” (Stocchiero, 2010b:7). All in all, FMR has to be a really bottom-up strategy to strike a proper balance between well organized institutional governance and high policy performance, and between legitimacy and efficacy. But it has to be done along the “functional” lines, where the macro-regions are to be organized based on the common functions, i.e. on the coordinated policy areas.

No doubt, the EU28 will be re-organized step by step into a system of the (partly overlapping) macro-regions, since this regionalization-level is missing in the EU. At the same time, the emergence of BRS has provoked a fierce debate and a warning has been issued that the macro-regional strategies “may give rise to a Europe with different speeds”. Hence the basic message from the Med regions is that “The political answer to the Community challenge should not be to stop the macro-regions that are working, but how to create the conditions for the catching up of weak trans-national areas. However, in order to avoid a meaningless competitive race to create macro-regional strategies in different EU areas, the EU should communicate clearer messages. The 3 NOs should be rigidly confirmed to discourage the proposals of macro-regions based on expectations to access new financing in the next programming period. (...) The setting up of a new budget line dedicated specifically to a macro-regional strategy is not a good solution. That is because it would create competition and preferences among different vast areas” (Stocchiero, 2010b:17).

The dilemma is that although the “macro-region is a strategy that contributes to Europeanization”, still the worry can be raised “whether it creates new divisions and tensions”, and this danger is so acute that Stocchiero has used even the term of “potential hostilities” (Stocchiero, 2010a:3-4). Another worry has come from the general dissatisfaction with the cohesion policy; hence the macro-regional strategies have appeared as the main instruments of the EU deepening for the internal homogenization in the present acute crisis situation: “Cooperation fatigue couples with enlargement fatigue. In fact, another motivation for the launching of the macro-regional strategy is the European widening and stressful stretching to 27 Member States. The enlargement has increased deepening needs and particularly demands to spur more social and territorial cohesion. The political objective is to create a more united Europe, increasing social and economic convergence. With Europe enlarged to 27 Member States, the geographical, social and economical dimensions are wider and scattered; a risk of relative fragmentation versus concentration exists; tighter relationships are needed. A claim for a greater commitment towards EU deepening before the materialisation of new enlargement perspectives is demanded.” (Stocchiero, 2010b:8).

The maturity test of the FMR efforts has to go beyond the geographical aspect, since both the governance aspect and the policy aspect have to be analyzed. Namely, the “EU macro-regional strategies seek to achieve coordination across three dimensions: horizontally (across sector policies), vertically (across different levels of governance from EU to regional and local), and geographically (across administrative boundaries).” (Dühr, 2011:42). Territorialization of policy universe is needed because of the transnational issues, which have the “effects across national and regional borders that cannot be addressed adequately at the local, regional or national level alone”. These transnational issues of common concern benefit from rescaling, hence they “require transnational cooperation as individual countries alone will not be able to address the challenges successfully” (Dühr, 2011:8,41). The DRS differs in this respect very much from the INTERREG. Namely the INTERREG broad frameworks with intergovernmental nature of cooperation are based on direct EU funding, and therefore they “rarely result in projects of real significance for the macro-region (...) It is therefore important that policy priorities and actions are specific to the macro-region, and not merely replicate EU policy objectives.” (Dühr, 2011:40). No doubt that the cultural factors and education will also have a key role in DRS, above all in the subjective Europeanization and in the EU identity formation, but the cooperation in the “real economy” is more important and more urgent at the start of the implementation phase, since it generates the effective spillover from the economy to all other policy fields to promote social progress (OECD, 2011a,b,c).

The territorialization of transnational issues with specific strategies for macro-regional developments does not mean that the member states will be weakened, since

the comprehensive system of multilevel governance presupposes also a rather strong and innovative role in the newly conceived “developmental states” of Nordic type. New Localism means that “globalism” does not ruin but strengthen “localism”, provided that the global openness produces better governance, more accommodation, and higher competitiveness. New Localism demands the reinterpretation of Europeanization by reinventing the role of the member states both in the “production cooperation” and in the promotion of multiculturalism as the common cultural heritage. The main features of the “glocality”, the globalized locality have been discussed in the literature since the early nineties, but they have only come to the fore by the recent daring moves of macro-regionalization like the BRS and DRS. The theoretical arguments of the productivist approach based on the human investment for social progress were also well-known already in the nineties, since they were already raised and practiced in the Nordic member states. Yet, these innovative ideas with the developmental state as a new state formation, having the function of permanent adjustment to global changes through institutional reforms and human investments have become of more theoretical and practical importance for the EU only after the global crisis as part of its exit strategy.

Summarizing the governance and policy dimensions of the FMR maturity test one can state that the different terms of New Localism, the place-based approach and the territorialization of the policy universe have actually described the same principle of development policy with “territorial focus” that has been called by the OECD the “new paradigm of regional policy” (Barca Report, 2009:XI). The territorialization has become the main paradigm of development strategies, which presupposes a “comprehensive reform” of cohesion policy, since “there is a strong case (...) for the Union to allocate a large share of its budget to the provision of European public goods through a place-based development strategy”. Moreover, “In a place-based policy, public interventions rely on local knowledge (...) The goods and services concerned need to be tailored to places by eliciting and aggregating local preferences and knowledge by taking account of linkages with other places. This is where the territorial dimension of cohesion becomes particularly relevant.” (Barca Report, 2009: VII,XI). Altogether, the FMR is a “transnational subnational” functional organization, since at this level of macro-regions its parts are not necessarily countries but their subnational units and its borders have been defined by the common, joint functions of these constituent parts.⁵

I. The DRS from the uploading phase to the implementation phase

The first, uploading phase of DRS began with June 2010 European Council meeting. The uploading process of DRS in 2010-2011 took place without major conflicts following the acceptance of BRS in 2009. After the June 2011 EUCO decision the DRS

entered its implementation or downloading phase, so by Summer 2012 it has reached its first year of existence. The organization of DRS is in fact an organic part of the reunification of Europe: "Following the accessions of 2004 and 2007, there is a need and an opportunity to overcome the legacy of former divisions and for the potential of the Region as integral part of the European Union to be more fully realised. This EU Strategy for the Danube is also within the EU 2020 framework being adopted at the Spring European Council. In addition, it is in line with the adopted Lisbon Treaty which states that the EU shall promote economic, social and territorial cohesion, and solidarity among Member States. Macro-regional strategies are prime test case of what territorial cohesion means in practical terms." (European Commission, 2010a:1).

The main reason of this relatively "peaceful" process was the three "No-s" of the Commission, "no new regulation, no new legislation, and no new financing". The report on the Budapest conference (25 February 2010) has also noted this - "No new money for Danube Strategy, leaders confirm" -, adding also that "concrete proposals were thin on the ground, with governments taking a broad brush approach to outlining the priorities of the initiative" (www.euractiv.com, 1 March 2010). Thus, in the uploading phase there was no serious redistribution conflict yet, since the DRS was, indeed, "thin", so it could have a relatively smooth preparatory period. It turned out step by step however that the three "No-s" in fact could be the three soft "Yes", thus, the uploading of the DRS was a very productive as well as a more and more conflicting period.

Actually, at the end of the series of DRS conferences the Commissioner for Regional Policy has finally emphasized in Constanta: "We are experiencing a true Danube boom." (European Commission, 2010d:1). At the same time, Commissioner Hahn has issued a warning that the concept of the Danube region should not be overstretched towards the Black Sea Region because it will lose its contours and its proper identity: "Some would like to see this Strategy extend to the waters and maritime issues of the Black Sea. I believe we should keep our focus on the Danube. (...) But we should not duplicate the work that is being done under the Black Sea Synergy, which already provides a multilateral framework for tackling the most pressing issues." (European Commission, 2010d:3). This statement proves that the "Danube boom" generated also other claims that could have overburdened the original project and by involving the big outsiders as Russia and Turkey this extension could have jeopardized the entire project. Because of the "Danube boom", i.e. the fashion of establishing macro-regions, many other actors were mobilized in 2010 in the hope of getting a more favourable position in the EU budget, although the "territorial cohesion" of the suggested macro-regions and the willingness of their potential participants were by far not satisfactory.

The uploading process after the June 2010 EUCO meeting can be summarized in four important events: first, the publication of the Commission's Programme, including

an Action Plan (I call it "Long Paper") in December 2010; second, the entry of the Hungarian Presidency on 1 January 2011 with its DRS priority; third, the decision of GAC on DRS in April 2011; and finally, the Conclusions of EUCO in June 2011. This formal decision of the EUCO finished the legal process of uploading the DRS as a concrete and detailed macro-regional project and at the same time it began its implementation process: "The European Council endorsed the **EU Strategy for the Danube Region** and called on all relevant actors to implement it without delay, as outlined in the Council's conclusions of 13 April 2011; Member States are invited to continue work in cooperation with the Commission on possible future macro-regional strategies, in particular as regards the Adriatic and Ionian region" (European Council, 2011:13).

The first and possibly the most important event in the reloading process was the publication of the Commission's "Long Paper" on the *European Union Strategy for the Danube Region* on 8 December 2010 (European Commission, 2010b,c). The biggest problem with the Long Paper is that it provides a long list of policies, even underlining some key issues grouped in four pillars, but it does not identify any "prime mover", and it does not offer a Road Map either where to start and how the synergies can be created in the truly integrated policies. As a result of the balancing between/among competing-conflicting policies and organized interests, all policies have been presented on the long list as quasi equal, and there has been no serious effort to point out, how they influence each other positively or negatively. Although, for instance, the well known conflict between "transport" (shipping on the Danube with the deep canalization) and "environment" (keeping the clean water and natural water resources) has shown that a solution should be found between the conflicting priorities, the Long Paper still tries to avoid conflicts and remain neutral, but in this case there can be no real programme. It would have been necessary to focus on the economic drivers of DRS, which could have provided a positive spillover to all other policies and could have created, indeed, integrated policies of all kinds and combinations in DRS based on the common socio-economic development leading to prosperity.

The most interesting and innovative part of the Long Paper is the "implementation and governance" section, where the governance in and by DRS has been characterized as a decentralized network governance. Actually, it has brought in a three-layered governance structure. First, the Commission, assisted by a *High Level Group of all Member States*, which monitors and supervises this dynamic and its loose governance structure, hence a thin layer of governance still exists on the EU level. Second, the policy cooperation in the different policy fields is to be done by *Priority Area Coordinators*, so the actors are to be connected in all key policies. Third, the whole project is directed and monitored basically by the *National Contact Points* in all countries concerned. This is obviously softening up the three "No-s" on regulation and institutionalization sides, since

keeps only a minimal EU level regulation and institutionalization, but encourages the macro-regional level institution-building. On 3 February 2011 Johannes Hahn announced the list of coordinator countries for the four pillars (A-D) structured altogether in 11 (3+3+3+2) Priority Areas (PAs), usually 2-2 countries for all Areas (except for the first PA with four coordinators) with 3-3 coordinator roles for all member states. This division of labour clearly reflects the idea of the decentralized network governance, which is a novelty, indeed, but this rather complicated and over-balanced system has to face a tough test of implementation. Altogether, the Long Paper offers a very optimistic perspective for the DRS: "The Strategy should make this a truly 21st century region, secure and confident, and one of the most attractive in Europe." (European Commission, 2010b:3).⁶

The entry of the Hungarian Presidency on 1 January 2011 can be considered as a big event in the uploading process, since this project was a priority for Hungary and it gave a big push to the elaboration and acceptance of DRS (see Ágh, 2012b). During the Hungarian Presidency, on 13 April 2011 the General Affairs Council passed its "conclusions" on DRS. Legally this can be considered as the most important EU document in the uploading process that was summarized and endorsed by the EUCO in June 2011. This document was prepared on the basis of the Long Paper and consulted also with the Foreign Affairs Council and this could be the reason that the external connection appeared here clearly: "While stressing the primarily internal character of the strategy and the necessity to preserve the integrity of the EU decision making, ACKNOWLEDGES that the inclusion and participation of third countries is crucial if the desired objectives of the strategy are to be achieved". The GAC Conclusions have emphasized that "the implementation of the EU Strategy for the Danube Region should be launched without delay" and its experiences should be summarized in the first Progress Report by the end of 2012. They have further softened the three "No-s" by indicating that the DRS had to be supported "by facilitating the coordination of existing EU funds" and "providing technical assistance" to the Priority Area Coordinators. Finally, the GAC document not only stresses the close cooperation between BRS and DRS but it opens up the door for the other macro-regional organizations, since it "INVITES the Member States in cooperation with the Commission to continue work on possible future macro-regional strategies." (Council of the European Union, 2011a:2-4).

The Conclusions of the June 2011 EUCO have also repeated from the 13 April 2011 GAC decision the formula that "Member States are invited to continue work in cooperation with Commission on possible future macro-regional strategies", adding also that "in particular as regards the Adriatic and Ionian region" (European Council, 2011:13). It indicates that some other macro-regionalization initiatives have also emerged and with the actual softening up of the three "No-s" the competitive game for

resources has appeared around the DRS. The biggest push for the macro-regions has been in the Med area, but it is too vast to pool all the interests together for integrated policies and strategies. It has turned out that the Western and Eastern parts of the Med area have developed diverging trends in this respect. France and Spain have emphasized the external dimension in their Med policies, concentrating on Morocco, while Italy has stressed on the "internal" macro-regional development programmes and has tried to find partners in the Eastern Med area, above all in the West Balkans. France and Spain have wanted to maintain and enlarge the capacity of the Union for the Mediterranean that provides a general umbrella. Their effort was supported for a while by the "Arab Spring", but it has also been deteriorated very much by the increasing Arab-Israeli conflict over the Palestinian State. Nowadays, the situation has become more and more complicated also by the growing interventionism of Turkey, looking for a dominant role in the Eastern Mediterranean, and very recently by the chaotic and shaky financial situation in Greece and Italy. It is not by chance that the main worry of the Med macro-region designers has been the diverging-conflicting foreign policy interests of the states concerned. Therefore, it has been mentioned frequently that whereas for the BRS "the external dimension is rather marginal" despite the strong interdependency with Russia, it is opposite in the case of the Med region (Stocchiero, 2010a:9).

Given the big interest and pressure from various sides, the CoR organized a series of meetings on the macro-regions in Brussels (see www.cor.europa.eu). First of all, on 13 April 2010 the Forum on Macro-Regions took place as the "first ever" conference on the topic and then a next one on 1 July 2010. There was especially big interest on the part of the Med Programme (MEDGOV), consisting of 13 countries from the Northern Mediterranean area. In the April 2010 conference some new actors also took part, e.g. the North Sea – English Channel as would be macro-region, and the CoR supported their claim to establish a new macro-region. There was an even larger attendance at the July 2010 conference that was organized in the building of the European Parliament. Altogether, there was a "macro-regional fever" felt in many parts of Europe, first of all in the Med region. It turned out that the potential macro-regions could be found everywhere in the EU. At the July 2010 conference some participants emphasized that the macro-regional trend was already underway, whereas some other participants issued warnings about "the macro-regional bubbles" and asked about what the added value of the suggested macro-regions could be. Nevertheless, it was clear that all participants had in mind the preparations for the next budgeting period between 2014 and 2020, and intended to prepare their claims for the start in 2014. The conference contributions showed conceptually two main features. On one side they pointed out the perceived problems and weaknesses of BRS and DRS, on the other side they indicated the moves and intentions to launch their own new macro-regional initiatives of different kind.

Actually, however, in 2010 no direct claims were formulated yet and no official announcements were made.

However, Italy decided later to go ahead with the Adriatic and Ionian Initiative (AII) turning it into a macro-region. This organization was founded in 2000 and it has embraced eight countries (Albania, Bosnia-Herzegovina, Croatia, Greece, Italy, Montenegro, Serbia, and Slovenia). On 23 May 2011 a high level meeting of the foreign ministers concerned took place in Brussels to make this claim, with the participation of Maria Damanaki Commissioner for Maritime Affairs and Fisheries and co-organized by the CoR. The CoR President Mercedes Bresso said that the Adriatic and Ionian Macroregion should benefit from an EU strategy similar to those developed for the BRS and DRS. Accordingly, at this 13th meeting of the AII an official declaration was published (The Brussels Declaration of 23 May 2011) to promote the EU Strategy for the new macro-region. On her part, Mercedes Bresso made a promise that the CoR would issue an expert Opinion on this claim to facilitate the official process. Indeed, the 92nd Plenary Session of the CoR on 11-12 October 2011 endorsed the request of the AII to form the Adriatic-Ionian macro-region that could be the first step in the official process. In fact, "The proposal launched by Italy, Greece and Slovenia to build an Adriatic-Ionian macro-region rests in the enlargement process and it splits the Mediterranean area into three hypothetical macro-regional spaces: the Eastern Mediterranean, the Adriatic-Ionian, the Western Mediterranean." (Stocchiero, 2010b:13). It is still an open issue, how this effort will develop and whether it can cumulate enough energy for establishing a real macro-region, which will be, by the way, overlapping to a great extent with the Danube macro-region in the West Balkan area.⁷

Altogether, in 2010-2011 there was a macro-regional fever or enthusiasm in the EU, therefore the Commission has cautioned – as Stefanie Dühr has underlined - "against unreflected copying of the approach and the mere bundling together of existing and planned projects (...) new initiatives should be supported by a clear and common strategy". Consequently, "the whole European territory should not be covered with macro-regional strategies (...) the EU should not create artificial regions (...) In any case, the current enthusiasm for EU macro-regional strategies does not necessarily mean that this is a suitable instrument for all parts of Europe." (Dühr, 2011:10,12,48). It remains to be seen how many macro-regions will be organized in the EU. Obviously, if the clear and common strategy could not be created in some imagined macro-regions, then the competition for the EU resources may take other forms. In the long run, however, it can be expected that the EU will be re-organized at the level of macro-regions.

Finally, as indicated above the June 2011 EUCO decision closed the uploading process and it gave way for the implementation process as the second phase in the history of DRS. The second period of DRS has been a successful phase of its

"downloading" that has led to the unfolding implementation. But on the other side it has been a rather unsuccessful phase as a period of its marginalization due to the recurring crisis and the permanent crisis management process. Therefore, this downloading phase has been at the same time the "annus horribilis", the year of horror of continued troubles for the EU with so many urgent and overwhelming issues of crisis management. The DRS has not been the only major project that has been marginalized, even more, the successful crisis management so far has also provoked the danger of a much wider Core-Periphery conflict. It has not yet been contemplated yet at the EU level that the macro-regional strategy could be one of the most appropriate ways to overcome this Core-Periphery conflict within the EU as well as the other conflict between the EU and the "third countries" concerned. Certainly, the DRS began its implementation phase when the EU navigated stormy waters. Nevertheless, the DRS is still an open, but uncertain and vulnerable project as a brave vision of integrative balancing in a huge area, both sectorally and regionally.⁸

II. *DRS developments and Hungarian contributions: The Sleeping Project*

Hungary has been very active and initiative in DRS from the very beginning. In 2011, during the Hungarian EU Presidency it played an important role in promoting the final endorsement of DRS by the EU. Yet, after the years of "macro-regional fever" in 2010-2011, the current impression is that the DRS has become a Sleeping Project in Hungary, and to some extent in the EU as a whole. The presentation of the Hungarian case can discover the reasons for the declining interests in DRS in general, due to the protracted crisis in the EU in general and to the special weaknesses of the incumbent Hungarian government in particular. Of course, there have been many important events in all member states concerned in the implementation phase, but this paper concentrates on the Hungarian situation that will also be relevant for analyzing the ECE-WB interregional cooperation.⁹

Actually, the Danube Strategy could be a fulfilment of the age-old Hungarian Dreams. The Danube has always been a vital part of the Hungarian national identity, and the Danube Valley has always been a decisive factor in the Hungarian economy and logistics. Finally, it has been one the most characteristic motives of the Hungarian political efforts in the neighbourhood policy cooperation in the last two centuries. Also in the recent years, both in the EU and domestic dimensions, Hungarians have been preoccupied with the development visions in the Danube Valley. Thus, the idea of DRS has been very popular with Hungarians from the very beginning and nowadays it belongs to the very few issues that have been given an all-party support in Hungary. Yet, after the golden years of uploading the DRS in the EU, in the present implementation stage

the DRS is not high on the agenda, since the state interests have drastically declined and the fatally weakened territorial organizations have been unable for a meaningful bottom-up activity. Thus, in fact, the DRS has become a Sleeping Project in Hungary, and this is a characteristic story for the ECE countries in general.¹⁰

The Danube Saga is increasingly full of paradoxes in Hungary. The *first* and most important paradox is that although in DRS it has been an organic unity of the EU internal cooperation and the further West Balkan enlargement, still the present government cannot yet integrate these two issues into a common strategy, which would give the real heart of the DRS. The V4 efforts and meetings have always emphasized the unity of these two aspects, namely their readiness to participate in DRS as a EU project, which is at the same time the best way to promote the pre-accession process in the West Balkan countries. It may be called *the EU priority paradox*, since the DRS was the crucial part of the real Hungarian national priorities, in fact, it was marginalized not only by the EU crisis management, but even within the Hungarian national framework. The only issue the Hungarian Presidency could focus on was the promotion of the Croatian membership and the Presidency was successful in this respect. No doubt that DRS has appeared as an important issue in the Hungarian Presidency programme in general, but without a deep and organic connection to the enlargement: "*EU Strategy for the Danube Region: The Hungarian Presidency is unequivocally committed and will make every effort to have the EU Strategy for the Danube Region endorsed by the June European Council. The Danube Region Strategy is the second comprehensive macro-regional EU initiative. Its objective is territorial development and it is based on the experiences of the Baltic Sea Strategy. From the 14 countries participating in the Strategy, eight are Member States (Austria, Bulgaria, Czech Republic, Germany, Hungary, Romania, Slovakia and Slovenia), while the six third countries concerned are Bosnia and Herzegovina, Croatia, Moldova, Montenegro, Serbia and Ukraine. The Strategy is not only aimed at fostering good neighbourly relations in the region, but it should also consolidate the European integration process with the Western Balkan countries. It should bring the EU closer to its citizens and promote cooperation with third countries. The Action plan for the Danube Region Strategy defines 11 priority areas. The projects of these 11 priority areas represent a vital contribution to sustainable development in the region.*" (Hungarian Ministry of Foreign Affairs, 2010:20, see also Council of the European Union, 2009).

The issue of DRS has returned rather emphatically in the Report on the achievement of the Hungarian Presidency: "The Strategy aims to boost economic growth, increase employment and create favourable living conditions in the Danube region through coordinated responses to cross-border challenges. The Council conclusions on the Strategy incorporate the political agreement on the objectives and tools that have also been endorsed by the European Council on 24 June 2011. The Hungarian Presidency

has prepared the ground for the successful implementation of the strategy, the informal institutional background has been set up and practical implementation can be launched. Furthermore, the European Investment Bank is opening an office in Budapest (Budapest Danube contact point) tasked with promoting the implementation of the Strategy.” (Hungarian Ministry of Foreign Affairs, 2011:64). Interestingly enough, there is a sharp contrast, however, between the two Hungarian documents, since the DRS has been very important in the *Programme*, whereas in the *Report* it has somewhat been downscaled. The reason is most probably twofold, on one side during the Presidency the Hungarian government realized the overwhelming role of the EU crisis management that marginalized almost all other issues, on the other side the DRS, as it was accepted by the EU, might have meant a relative disappointment for the Hungarian authorities. However, there is a striking common feature in the two documents because no direct connection has been mentioned between the DRS and the enlargement/widening process, although the pre-accession process in the West Balkans and with the Eastern Partnership has also been an important part of both documents and its achievements have been discussed in the Report (2011:25-27). Again, the reasons for this missing close contact mirror the template of most EU documents, which have usually not elaborated this organic connection either.¹¹

The second paradox as *the policy paradox* is that due to the overwhelming pressure of the domestic socio-economic crisis the DRS has been downscaled in the domestic strategic programmes, too. The incumbent government replaced the former New Hungary Plan (ÚMT) with the New Széchenyi Plan (ÚSZT) on 4 January 2011. But in this Programme there is no direct reference to the DRS, since the New Széchenyi Plan is not structured along the DRS lines, although some concrete and partial projects may have closer or looser connections with the DRS. It means that the New Széchenyi Plan has not elaborated any synergy of various policy fields based on the organization principle of DRS. The Hungarian policy approach in DRS has still been divided by the big tension between the “green” and “shipping” issues, or the ecological and logistical views policy-wise. Although there have been some bilateral forms in the Hungary-Croatia and the Hungary-Serbia IPA Cross-border Co-operation Programme for 2007-2013, that could be enlarged to policy coherence and synergy nationally and internationally, these policy frameworks for the Hungarian-Croatian-Serbian trilateral macro-regional cooperation have not yet exploited for the DRS either. From the eleven DRS priority areas (PAs) Hungary has to coordinate three fields, the sustainable energy with Czech Republic, the water quality with Slovakia, and the environmental risks with Romania. In fact, Hungary has not yet taken the opportunities offered by the coordinating role in the three policy fields allocated to Hungary by the Commission. In the domestic respect, the policy coordination with multilateral synergies has not been elaborated. It is therefore not yet

possible to outline the Hungarian DRS sectoral priorities either, it remains to be seen how they will be finalized.¹²

The third paradox is *the institutional paradox*, since the DRS institutional coordination in Hungary has been split between the Ministry of Foreign Affairs (with the DRS government commissioner) and the National Development Agency (NFÜ, belonging to the Ministry of National Development). Other ministries (Ministry of National Economy and Ministry for Countryside Development) have also been involved but with not clearly outlined competences. There were two government decisions - 1149/2010 (VII.9) and 1150/2010 (VII.9) - on the appointment, role and competences of the DRS government commissioner. The Commissioner has been attached to the Ministry of Foreign Affairs but only with a relatively small staff basically meant for elaborating the Hungarian strategy and representing abroad at international negotiations and conferences. The real coordination of the DRS related projects however has been done by the National Development Agency, or by the other ministries concerned, including the project management and the allocation of the resources and the EU transfers. Actually, when the uploading phase of the strategy-making was over, the central role of the Ministry of Foreign Affairs became outdated. In the implementation phase the place for any DRS government commissioner for an effective coordination would be more functional in the National Development Agency with a strong Secretariat for the effective coordination of the various policy fields.¹³

There has also been an acute conflict between the various territorial - local, regional and national - levels due to the ongoing "destructive" legislation on self-governments, or to the quasi complete disempowerment of territorial actors. First of all, the regionalization has drastically been marginalized in Hungary during the incumbent government. There are still two NUTS2 regions with a special interest in DRS, the South Great Plain Region and the South Transdanubian Region, since these adjacent Hungarian regions can benefit most from the HCS interregional cooperation. The South Great Plain NUTS2 region borders on three countries concerned and it has a special opportunity to connect organically the NMS with the pre-accession states. Similarly, the South Transdanubian Region has to serve as a gate and bridge to Croatia, and virtually to the Italian based would-be macro-region as well. In fact, the incumbent government has produced an over-centralization of state administration and it disempowered the local self-governments both administratively and financially. Thus, neither the NUTS2 regions, nor the other territorial-local actors are capable of playing a significant role in promoting DRS in a bottom-up approach by effectively supporting their civil organizations and NGOs.¹⁴

The only successful regionalization that is still going on has been promoted by the Centrope organization initiated and supported by Austria and covering some parts of

Austria, Hungary, Slovakia and Czech Republic with 6.5 million population. This organization has built strong regional cooperation framework based on the European Regional Development Fund and it has issued regularly Regional Development Reports (Centrope, 2011a). Its Political Board meets twice a year to discuss strategic decisions and in the latest meetings (5 December 2011, Bratislava and 21 May 2012 Brno) the Political Board has mobilized for the support of the DRS: "The more the EU Strategy for the Danube Region becomes a catalyst for the development and inflow of investment, the more important becomes a sound anchoring of Centrope in the Strategy's implementation." (Centrope, 2011b:5). Furthermore, it has called for the creation of an effective coordination mechanism by elaborating on its part the RECOM (Regional Cooperation Management) with seven projects. It has turned out that the Centrope initiative with the RECOM network (see RECOM HU-AT) has been a very successful model also for the HCS trilateral cooperation that can be continued and promoted by Croatia as well, and it has to be extended to Serbia.¹⁵

Fourth, *the social paradox* between the wide social mobilization of various actors and the missing comprehensive, well coordinated central state action for the DRS in Hungary, including the lack of support by the weakened territorial actors for these actors as mentioned above. Policy actors or sectoral actors in some fields have been active, first of all in the fields of tourism, transport, environment protection and cultural-artistic events that could have been supported by bigger or smaller settlements, but the territorial actors – regions, counties, micro-regions and settlements – are too weak for creating a meaningful network. The most important dimension of social mobilization is the project oriented activity of civil organizations and NGOs. The organization of international networks began in the most sensitive field of cooperation, in the tourism of the middle and south-eastern sectors of Danube Valley. DATOURWAY is a transnational strategy for the sustainable territorial development of the Danube area with special regard to tourism. The DATOURWAY program (2009-2012) has been focusing on tourism in its largest meaning combined with cultural exchange, i.e. it incorporates the preservation of natural habitats, presentation of cultural traditions and finally promoting economic growth and/or recovery by tourism in the countries concerned. Suggested by the Hungarian settlements for common tourist programmes along the Danube, the program started in spring 2009 in seven member states (Bulgaria, Croatia, Hungary, Italy, Romania, Serbia and Slovakia), with the support of the EU's South East Europe Transnational Cooperation Programme. Its basic aim is to foster and coordinate the territorial development of Danube Valley settlements, and its leading organization is the VÁTI, the Hungarian Regional Development and Urbanization Nonprofit Co. in Budapest (see DATOURWAY, 2011,2012).

There have also been many other organizations connected with the DRS projects like Danube Partnership Network of the 75 riparian Hungarian settlements formed on 15 August 2010. They prepared several Danube Development Corridor related projects at both national and transnational levels and this led to the formation of the Association of Hungarian Settlements' and Regions' Developers (AHSRD). Based on this network, there has been a Hungarian initiative to elaborate the sustainable development strategy in the Danube Valley as a bottom-up approach with the participation of the riparian settlements, the DaNet or DanubeNet project. The DaNet project has been very important to launching a series of Danube conferences in the countries concerned at the kick-off conference on 29-30 November 2011 in Budapest. DanubeNet is a network system for NGOs funded by the EACEA (Education, Audiovisual and Culture Executive Agency). It has four objectives: (1) to provide platform for NGOs in local, regional, national, transnational and trans-boundary level; (2) to create networks for professionals and stakeholders according to their interest to the DRS priority areas; (3) to lobby for the realization of the DRS action plans at local, regional, national and EU levels; and (4) to integrate and communicate the needs of the network into the DRS. This project has organized so far several conferences in different countries and on various topics. These conferences are meant to mobilize the civil society organizations and drawing attention to the sustainability of development. According to its original program the final closing conference as a DanubeNet Congress was planned in Budapest in June 2012. However, instead of this closing meeting, the Hungarian side announced the plan to organize an "official" conference in September, while some other meetings have also been indicated (see DanubeNet, 2011, www.terport.hu).¹⁶

The Danube scientific conferences and other related academic events are also important dimension of social mobilization, since can serve also for the project elaboration purposes, but at the same time they are aimed at outlining the long term visions and strategies, and organizing transnational networks. There has been a Blue Ribbon project with a series of international and national conferences and editing two international books in English on DRS. Beyond the Blue Ribbon conferences there have been another series of bigger and smaller Hungarian and international conferences. Some of them have been focusing on the particular policy issues in a sectoral approach like the logistics-shipping and ecological problems. Some others have dealt with the regional-local issues of the specific Hungarian territorial units, often with a profile of cross-border cooperation. Although these conferences have been very intensive actions along the lines of DRS followed by wide interests of the particular stakeholders, there has still been so far no meaningful public discourse in Hungary about the DRS with an effective state support and coordination.¹⁷

Fifth, *the political paradox* is between the national consensus in the DRS and the lack of a real start of the implementation phase in Hungary. There is wide consent about the necessity and advantages of DRS but there has been so far no nation-wide Action Plan, only improvisative crisis management in all policy fields, including the DRS. Although the incumbent government could have used the DRS in this troubled period as an important and popular issue to mobilize the population and to restart the economic growth but the present leadership has still neglected it. The National Development Agency has emphasized e.g. the importance of the Danube Development Plan in connectivity, i.e. in shipping on the Danube but it has considered this Plan only as the preparations for the period of 2014-2020, allegedly, due to the lack of resources. In fact, some resources are available in the EU funds but because of the permanent redesigns of the state budget year by year the government has also been in deep trouble with the preparations of the DRS.¹⁸

Thus, there have been several reasons for downgrading the DRS after the EU Presidency in Hungary, in addition to the governance deficit that will be discussed below. Instead, there have been some quasi "official" events in Hungary in the DRS matters – for instance the conference on 11 November 2011 in Budapest to summarizing the tasks for the implementation of DRS by giving status quo reports (see first of all Bérczi, 2011 and Gergely, 2011). However, due to its economic and political misery the incumbent Hungarian government has been unable to provide a proper DRS perspective for the country. The latest idea is organizing an "official" international conference in Dunaújváros, instead of the closing conference of DaNet in Budapest on 28-30 June 2012, while there have been references on the Bucharest conference in September, the Brussels conference in October and the Regensburg conference in November 2012 as closing events.

All in all, the paradoxes described above are very country specific, since Hungary is a very special position to the DRS. It is very important for the country and Hungary made a big effort during its EU Presidency to promote this mega-project. At the same time after two years in office the incumbent government has mismanaged the deep financial, economic and social crisis that marginalized the DRS in Hungary and downgraded its role in the international cooperation. Still it is very important to provide an overview of the potential role of Hungary within the Danube Strategy, by indicating the special areas of cooperation and the roles of different stakeholders. Above all, it is necessary to describe the overall development potentials of the trilateral interregional cooperation by identifying the Hungarian functions in the HCS. They are as follows: *First*, the bridge function of Budapest in the network of the Danube capitals and the active organization role of the two Hungarian regions, which have been most concerned in cross-border cooperation. *Second*, the institutional function of Hungary in organizing

cooperation of the DRS within the EU in general and within the V4 in particular. *Third*, the policy coordination function of Hungary in DRS (PAs) in the three selected fields allocated by the Commission and beyond. *Fourth*, the culture and tourism development function in the spirit of the sustainable development at the state level as well as at the ngo levels. Thus, the present Hungarian situation can be summarized in a SWOT matrix as follows:

S – Hungary is centrally located geographically and has high interest in DRS.

W – Hungarian territorial actors are weak and have been further weakened.

O – DRS is the unique opportunity for intraregional and interregional cooperation.

T – Serious domestic disintegration and EU peripheralization in ECE may come.

Finally, it has to be made clear that economic growth would not start again without domestic consolidation in the political, social and financial dimensions. There has been an increasing socio-economic and deepening political crisis everywhere in Europe, which has hit Hungary very seriously and has been deepened by the Hungarian government. This protracted crisis may delay the real start of the Danube Strategy, but for sure, the DRS is a decisive part of the exit strategy for Hungary. No doubt that the DRS will stimulate both the domestic economic growth as well as the tripartite HCS macro-regional cooperation. Despite the present problems, based on its former DRS activities and experiences, Hungary can be helpful in elaborating the framework for the interregional Danube cooperation, with special regard to the HCS cooperation, by initiating the transition management in the implementation phase.

III. Perspectives of overcoming the carrot crisis in the WB region by the DRS

The incoming accession of Croatia could have turned the EU attention to the WB region in general and to the ECE-WB interregional DRS cooperation in particular but this is obviously not the case due to the prolonged EU crisis. The DRS as a development megaproject embodies the real territorial challenge for both the EU member states concerned and the "third states", namely the WB potential members and the EaP neighbours. It is a positive sum game, since the macro-regional synergy is advantageous for all participants above. The member states can also benefit from the accelerated process of the pre-accession in the West Balkan region and from the widening in the Eastern Partnership because both can generate the extension of the internal market as a common economic area with shared social progress. It is an opportunity for a radical change with policy innovations to cope with the "governance deficit" at the EU and the macro-regional levels. In the last decade the EU has been less and less able to act as a "magnet" or the centre of gravity for the West Balkan countries by providing the proper attraction and mobilization in their pre-accession process for implementing the conditionalities that I have termed it as "carrot crisis" (Ágh, 2010a). This situation can be

basically changed by the DRS as a genuine "European perspective" for the WB countries to reorganize their societies based on the EU values and regulations, and, in addition, for the EaP countries to support their more intensive Europeanization.¹⁹

The enlargement fatigue in the old member states has seriously been aggravated by the global crisis, while on the other side the new member states (NMS) are still in their troublesome consolidation process, since they have also been shaken by the global socio-economic crisis to a great extent. The Long Paper has made references to the "third countries" in the DRS design. It has still missed the opportunity of stressing the "Balkan connection", i.e. the huge relevance of DRS in removing the "carrot crisis", although in such a way the member states suffering from the enlargement fatigue could have accepted the DRS easier. With this weak or missing connection to enlargement, the tremendous potential of DRS has been neglected in solving one of the most important and long time overdue problems of the EU. The HCS triangle – Hungary, Croatia and Serbia - as a special inter-regional connection between Central Europe and the Western Balkans can promote also the intra-regional cooperation in the Balkans. In general, the territorial challenge for this inter-regional cooperation is a test for integrative balancing in the EU.²⁰

However, after the successful uploading, the DRS has to face a teasing issue of its governance deficit. The early discussions in the Committee of Regions concluded with justification that "the newly implemented Baltic Sea strategy was benefiting from a long history of regional cooperation and the *'strong organisational capital of approximately 50 local organisations'*. Conversely, EU macro-regional strategies in the Balkans and the Mediterranean had to cope with a *lack of state and civil society capacity*, administrative centralisation and the personification of resources at the regional level. The legacy of different armed conflicts and recent instances of diplomatic confrontation in South-East Europe should also not be underestimated. Thus, some participants suggested that, in those cases, the implementation of macro-regional strategies should be *well planned* and given *more time* to develop. Greater attention should also be paid to various *multilateral organisations* beyond the EU, so that they could better coordinate and realise the goals of those strategies in certain cases." (CoR, 2009a:7). No doubt that the BRS can rely on the high density of transnational institutions, therefore it cannot be a "model" to follow for the DRS, which can rely only on its much less developed common institutional structure along the Danube Valley. Obviously, the internal institutionalization-regulation of DRS faces the obstacle of the governance deficit already in the NMS, namely the lack of proper decentralization as well as the weak autonomous power of regional-local units in these states. Furthermore, as Commissioner Hahn has underlined (European Commission, 2010d:3), the catching up exercise appears for the new member states, not only in the economic field but also in overcoming their own special "governance deficit"

as a low administrative capacity. This "governance building" process can be facilitated through the transfer of "best practices" from the old member states and by the better compliance with the EU regulations. Finally, the biggest governance problem of the DRS is the weakness of their public administration in the pre-accession countries and in the EaP states.²¹

Therefore, the DRS is not so much relying on the existing and "fixed" MLG structures, but much more on the contrary, it provokes a governance turn to erode the fossilized over-centralized structures and to introduce new decentralized structures instead, since this macro-region is not yet ready but it is to be made. No doubt that the governance will be much more complicated in the bigger and more heterogeneous Danube Region than in the Baltic Region. Danube Region consists basically of four – old, new, and pre-accession states, or even EaP states - kinds of states, unlike the Baltic Region where the existing institutions are not only much more developed but the Baltic Region is also more homogenised. Thus, the elaboration of the governance structure has to be more innovative in both ways, concerning both the "institutionalized rule structures" for the non-formalized institutions and the "modes of social coordination" for competitive network governance. In such a way, it can also be instructive for the EU as a whole how to overcome this "governance deficit" in the NMS and even more in the pre-accession states. The institution-building in DRS can rely on the pioneering work of the old member states concerned. For instance the regional government of Baden-Württemberg established its "Danube office" in 2002, and similar organizations can also be expected to emerge everywhere. Nevertheless, the huge asymmetry between the institutions of the old and new member states has also to be tackled. If it succeeds, then finally the DRS itself will have an effective common regulatory body as a new formal institution.²²

The FMR approach facilitates also the understanding and further elaboration of the various roles within the functional macro-regions. Namely, the "gate", "bridge", and "engine" (driver) functions are very important devices for enhancing the macro-regional competitiveness. In this respect for Baden-Württemberg, Bavaria, and Austria provide the "gate" and "driver" functions opening up the DRS for the EU in the global world, while Bratislava and Budapest can offer the "bridge" function with Bucharest and Sofia as the "bridges under construction". Finally, the emerging multiple networks with the hubs of Zagreb and Belgrade can embrace and mobilize the WB territories. However, the MLG system presupposes multiple functions with various inner and outer borders within the macro-region. Hence, in some cases the pre-accession states can also play step by step the "gate" role in special functions for the macro-region as a whole. The DRS matters in overcoming the governance deficit not only at the transnational macro-regionalization and national levels, but even more so at the lower territorial levels of the transnational

subnational. No doubt that MLG structure has also to be organized into an urban – or metropolitan - network in DRS, including the increasingly active role of the Balkan capitals. The big agglomerations play an eminent role in the global world, hence the macro-regional competitiveness depends very much also on the cooperation of the DRS metropolitan areas.

This upgrading of the Balkan capitals is part of the EU new territorial paradigm. After the long period of the uniformization approach to regional development (one model fits for all) the new paradigm is that all regions in the EU have to try to optimize their own specific territorial capital through a well designed plan or strategy, since the “different is beautiful” or specificity matters. As the Ulm Declaration in February 2010 has emphasized the main task of the (macro-) region is the optimal use of the region’s territorial potential that I call the territorialization of policy universe. Nowadays, in the new approach the emphasis is not on the generalities, i.e. on the common strategies and goals for the all EU (NUTS2) regions, but on the particularities, i.e. on the specific strategies of the given regions to optimize their own territorial potential. In this “place-based” approach – using the new fashionable term from the Barca Report - the particular territorial capital has to be developed into the locally specific social capital, since this specificity is the real driver of regional development everywhere. The Danube Region as a macro-region or a transnational subnational entity also has to be taken in its own particularity. Hence, it also has to use its special, “place based” territorial potential for macro-regional development to enhance its competitiveness within the EU or even at global level. The same applies to its local-regional units, which have to use also their own specific local-territorial potentials to enhance their competitiveness.

There have recently been several efforts to make a systematic overview of democratization in the so called “Central and East European countries” (CEEs). To make this vague term more concrete, the usual typologies distinguish between the “established” democracies in East-Central Europe (ECE) and the “hybrid” democracies in Eastern Europe proper (see Linde, 2009). With special reference to the Bertelsmann Transformation Index (BTI) as a coherent framework, Joergen Moller and Svend-Erik Skaaning have prepared a theoretically informed typology, a systematic and encompassing ordering of post-communist political regime forms: “First, the seven liberal democracies and polyarchies are all situated in East-Central Europe, when this region is constructed as including the Baltic countries. Second, five of seven electoral democracies are to be found in the Balkan Peninsula. Third, three out of six minimalist democracies inhabit the Western part of the former Soviet Union. Fourth, and finally, six out of seven autocracies are situated in the Caucasus or Central Asia.” (Moller and Skanning 2010:64). In my view, there has also been a big contrast even in the ECE countries between the procedural and performance Democratization. Namely, the EU institution

transfer led to the "procedural Democratization" that has to be understood first of all in the institutional-administrative dimension, whereas later the EU policy transfer should have led to the "performance Democratization" but it has hardly taken place so far. Nowadays the main internal tension in the NMS appears between the procedural and the performance aspects of Democratization. Most people accept that at formal-legal level there is a democratic order in their country concerned but they think that it works with a very low performance (see e.g. Pew Foundation, 2009).²³

Looking back after two decades to the ECE democratization the main problem is that the effective democratic states with high performance is still missing in ECE, but for them also a new start has been given by DRS. Moreover, most analyses have underlined that only a weak state - as a "mere" electoral democracy with only formal democratic structures - has emerged in the WB region so far. The political systems of the Balkan states, of course, are much more complex and they need further, more nuanced and detailed analysis. In addition, the democratic institutionalization is much more comprehensive than its state-level organization, since it embraces also the territorial actors and the establishment of the dynamic civil society with a civic spirit.²⁴

Conclusions: Damage limitation and transition management for DRS

In mid-2011, largely overlapping with the beginning of the DRS implementation phase, there was a turning point in the EU crisis management that meant a complete overhaul of the EU institutional architecture instead of small and partial corrections towards a more integrated Union. This overwhelming process has been stretching from the Euro Plus Pact in March 2011 to the Treaty on Stability, Coordination and Governance in March 2012, and it has produced some solution in the Compact for Growth and Jobs in June 2012. The crisis management has been focused on the "South", since the "East" (ECE) has also been deeply impacted but not so seriously hit directly by the financial-sovereign crisis. This crisis management has prevented or deteriorated the implementation of many other issues, including that of DRS. On the other side, the global crisis has demonstrated very forcefully that there has been a serious governance deficit in ECE that has also come to the surface in the DRS implementation process. No doubt that in the global crisis Hungary has had the worst and Poland the best performance in ECE. But this region as a whole has had to fight with the detrimental effects of crisis and within the EU it has tried to concentrate on the debate about the planned cohesion policy for 2014-2020 in order to minimize to negative effects of its drastic reduction demanded by the net payer states.

The Hungarian EU Presidency was followed in 2011 by the Polish Presidency that concentrated on the support for the future cohesion policy. The most important

development during the Polish Presidency (see 2011a,b) was that reacting to the Commission's proposal for the budget of cohesion policy in the 2014-2020 period (European Commission DG-Regio, 2011c). On the margin of the GAC meeting on 15 November 2011 13 member states (ten NMS, plus Greece, Portugal and Spain, with four other states as observers) formed a group of the Friends of Cohesion. Along the lines of V4 cooperation in 2011-2012 the Czech Presidency was followed in 2012-2013 by the Polish V4 Presidency. On 22 March 2012 the V4 Regional Ministers discussed the issue in Prague and protested against the efforts to curtail cohesion policy in MFF for the 2014-2020 period. In the closing event of the Czech V4 Presidency in Prague on 22 June 2012 the Prime Ministers concerned sent a joint letter to the heads of the EU institutions for the support of a strong cohesion policy. On 1 June 2012 the Friends of Cohesion Policy (already 15 member states) issued a declaration to maintain the previous level of cohesion policy in the 2013-2020 period (see Friends of Cohesion Policy, 2012). Due to the heated debates in the European Council, the latest Conclusions have been silent on DRS after one year of workings, and devoted only for lines to cohesion policy (EUCO, 2012:11).²⁵

As the EU navigates stormy waters in 2011-2012, the DRS may be one of the instruments to solve the dual problem of deepening and widening. It has been argued in many analyses (see above all Stocchiero, 2010a,b) that because of the enlargement fatigue there is an urgent need for internal homogenization in the EU. The point is, however, that the DRS can be a win-win or positive sum game. The extension of spillover effects to the WB states accelerates and not decelerates the internal homogenization of the EU regions concerned. If the EU supports some pre-accession countries/regions/localities with these organic connections, then the problem of wasting resources or energies - that might have been spent allegedly within the EU more effectively - does not emerge, since the DRS just facilitates the optimalization of these resources both inside and outside the EU. The WB accession is still high on the agenda, and it is not an obstacle to the internal development, since the DRS can promote both deepening and widening. The DRS has been conceived from its initial formulation as a networking "instrument" to overcome the dual limitations of deepening-widening. It is partly the solution of the "domestic" problems of the member states and partly the new approach to enlargement in the WB region. So far the relationships of the WB states to the EU memberships can be characterized by the terms of the cognitive dissonance and too high expectations, which is, again, not surprising, since the same was the case with the NMS twenty years ago. It means that most people in these states accept contradictory statements at the same time about the EU membership, namely despite their reservations about the membership they consider the accession process as a very short and close one.

Actually, in the process of turning the DRS from elaboration phase to implementation phase, the urgent issue is organizing the "transition management" for sustainable development, i.e. for the sustainability of both social progress and natural environment through the transnational advocacy networks. The transition management has to be supported and completed by the plurality of bottom-up transnational projects. Some kind of the European Citizens' Initiative (ECI) should also be launched for the implementation of the DRS, and the macro-regions can be the best background for citizens to mobilize ECI movements for the common causes of their territorialized social agenda. The EU has to launch also a comprehensive communication campaign for generating the increasing awareness for the implementation of the DRS, targeting also at the populations of the WB countries as it has been indicated in the GAC document on BRS (Council conclusions, 2011b:12).²⁶

In the EU2020 general framework, the DRS as a huge potential of territorial capital is a magnificent, brave vision for the peoples concerned as well as for the regions, countries, and governments in the Danube Valley. No doubt, it will still be very difficult to further elaborate the DRS, and even more to implement it effectively. Thus, in this Strategy the EU will be facing a testing case of its future-driven capacity. In fact, the DRS is nowadays only at the starting point in a big adventure. The new strategic design can only be based on the revelation that it is the social progress that produces bigger economic growth and better economic performance, and it is not vice versa as economic growth allegedly automatically generates social progress (Martens, 2010). Pushing for bigger economic growth by preserving the status quo – with all social factors unchanged – invites failure and stagnation in the entire Danube Valley but first of all in the WB region. Instead of demanding the abstract and over-generalized requirements (conditionalities) from above in a top-down process the EU has to promote a genuine, multifaceted social progress from below in a bottom-up process that generates in several steps the complete Europeanization of the WB countries.

The functional macro-regions are important innovations. They can also be breeding reactors for further innovations in both the institutional and policy dimensions. The Danube Strategy has proven so far to be really innovative, since it has offered a new version of regional governance as the common regulations/institutions for the regions of some member states with those of other neighbouring states. Thus, the DRS has the potential to solve many problems at the same time, since it is speeding up also the policy developments through their territorialization. It based on an approach tailored to the specific character of the given macro-region, and they have moved from vision to action. DRS requires strong and effective MLG-type governance structures and further territorialization of transnational issues, but the macro-regional response is not static, it changes all the time having its own dynamism.²⁷

DRS is in its early implementation phase, and it will face many difficulties: "After all, macro-regional cooperation is complex and time consuming" (Dühr, 2011:48). Indeed, "The building of a macro-region is not an easy process. It may take a long time to come true." (Stocchiero, 2010b:5). Nevertheless, the trouble lays not so much in the difficulties of elaborating and implementing the macro-regional strategies like the DRS, but much more in the protracted global crisis, which can jeopardize both the implementation of top-down strategies and the turn towards the bottom-up strategies. The post-crisis period has to be based on the new paradigm of "social progress" that demand more complexity management in the cohesion challenge and territorial challenge in the EU than ever before. It is a very important and promising message that the GAC meeting on 5 December 2011, even in an extremely critical situation emphasized the relevance of the enlargement strategy for the future of the EU27(28) (Conclusions, 2011c). However, the Greek case has proven if the internal homogenization has not been completed in the EU and the large governance deficit has remained in a member state, then it may produce a deep crisis not only in the given member state but crisis shocks also in the other member states. Hungary welcomes Croatia in the EU, and this enlargement should remind Hungary and the other NMS that the Europeanization cannot be finished at the entry but it is a permanent, ongoing process. For the genuine implementation of the DRS, Hungary – with the other NMS – has to do a lot of "homework" in order to have a successful crisis management.²⁸

After the first year of DRS, Johannes Hahn Commissioner for Regional Policy visited seven countries concerned between 28 June and 1 July 2012, along the Danube Valley starting in Austria, following in Slovakia and Hungary, Croatia, Serbia and Romania, and closing in Bulgaria (European Commission, 2012c). Hahn met government officials and monitored the developments of DRS projects but he did not give any evaluation of the first year. Instead, it has been announced that the Annual Forum of DRS will be held in Regensburg on 27-28 November 2012 (Danube Strategy, 2012) for the overview of the first year of DRS. In the uploading phase of DRS there was an asymmetry between the governments and territorial-civil actors with the dominance of a top-down approach creating the DRS framework in the EU. In the implementation phase the territorial-civil actors have entered the scene and have been activated but an opposite asymmetry has come to the surface, since the governments have lost interest to a great extent in DRS due to the global-EU crisis and to the weakness of their government-governance structures. With many nice official declarations so far, after the first year of DRS so many issues have still remained open.²⁹

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Notes:

¹ This paper has been written in the framework of the OTKA (Hungarian National Research Fund) project "Competitiveness of the Hungarian regions in the EU" (ID: 77659). This short introduction summarizes the conceptual framework of my recent papers on regionalization (Ágh, 2010a,b, 2011,a,b,c,d, 2012). It has a strong continuity with the efforts of my former papers on Danube Strategy (Ágh, 2010c, 2011e). In this paper I have dealt only marginally with some very important theoretical problems like cohesion, competitiveness and Core-Periphery relations that have been discussed in my former papers and the latest edited volume (Ágh, ed. 2011). I have also tried to cut drastically the references about the wide literature, so I mention e.g. on BRS only Gänzle and Kern (2011), or European Commission (2012a,b), and on MLG Heinelt and Knodt (2011) and Piattoni (2010).

2 The most powerful presentations of this idea are the volumes of Think Global – Act European by the Notre Europe Institute in Paris (see Fabry, 2011). On new regionalism as a global theory see Van Langenhove (2012).

3 This is the sunny side of the story, since the crisis related new problems and worries have to be discussed as well, like Cohesive Europe, Core-Periphery tensions, Two-Speed or Multi-Speed Europe, the fight around the cohesion policy in the next financial perspective (see Dhéret, 2011) since the NMS have been worst hit in the EU by the global crisis (see also Jacoby, 2010, Jahn and Kuitto, 2011) that has to be taken into consideration in discussing the near future of the DRS.

⁴ The terms in this paper follow the official terminology of the EU, e.g. Croatia has been regularly mentioned as part of the West Balkans (WB). In my view, Croatia is part of East-Central Europe (ECE). Hungary, Croatia and Serbia, given their locations and intermediary role, are the core region for the ECE-WB interregional cooperation in the Danube macro-region. Therefore, their special role in the DRS as the HCS triangle cooperation deserves special attention for the perspectives of this giant project as a whole, see later.

⁵ See the summary of territorialization in an EU expert document (Polish Ministry for Regional Development, 2011). The other related issues of regional competitiveness, clusters and EGTC have been discussed in the papers of Annoni and Kozovska (2011), Eurochambres (2008), Schakel (2008), Villaverde and Mara (2011). There has also been a large literature on the external interregional dimension of the EU, see Freyburg et al., 2009, Freyburg et al., 2010, Lavenex et al., 2009, Lavenex et al., 2010, Vasilache et al. 2011 and Youngs, 2009.

6 Based on the Long Paper, the European Parliament discussed and endorsed the DRS on 15-16 February 2011. It is necessary to note here that the regulation of the international rivers is a very important issue, see the special volume of the *International Studies Quarterly*, Vol. 55, pp. 805-883 on How to Govern International Rivers.

7 See CoR, 2011b, the Brussels Declaration, 2011, and www.eu4seas.eu website. The Centro Studi di Politica Internazionale (CeSPI) was the most active institution in the Med area (see www.cespi.it/GOVMED). As Andrea Stocchiero has noted, the Italian government plans to launch the Adriatic and Ionian macro-regional strategy in 2014, during the Italian and Greek presidencies. Croatia proposes its territory as the link between the two macro-regions (Stocchiero, 2010b:15). The AII regional cooperation organized a meeting in Trieste on 12-13 June 2012. AII website (2012) indicates the steps of preparation, and expects the final approval by the EU in 2013 for the period of 2014-2020.

⁸ Both the West Balkan pre-accession and the EaP process have been marginalized in the EU under the permanent pressure of the eurozone crisis. On 29-30 September 2011 there was an EaP Summit in Warsaw, which actually turned out to be a non-event. The V4 states have tried to turn against this mainstream, see V4, 2011. On 25 June 2011 the Austrian, Hungarian and Slovak Ministers of Foreign Affairs had a common press conference and they emphasized the big importance of the DRS for the ECE cooperation (www.terport.hu).

⁹ In 2011, after the Hungarian EU presidency the international conferences continued at governmental level. For instance on 7 November 2011 there was a Bucharest conference on Macro-regions at the Ministers' level with the Hungarian participant Enikő Győri, State Secretary for EU Affairs.

10 No doubt that Hungary has a vested interest in the success of the DRS and it was its high priority, the real flagship project for the Hungarian EU presidency in 2011. The all-party parliamentary committee for the preparation of the Hungarian EU presidency issued a Declaration on 17 February 2010 on the support of the DRS. In the mid-2000s the Hungarian Academy of Sciences conducted strategic research programmes at the request of the Prime Minister's Office. One of these research directions was the Complex Danube Research led by the former president of the Academy, Ferenc Glatz, and this research embraced the Balkan studies as well (see *Strategic Research – Research Reports 2007*, HAS, pp. 235-302). In the same HAS

framework there was a research programme led by Attila Ágh to prepare the Hungarian priorities for the EU Presidency, which included the DRS and cooperated with the research on DRS. Both research directions were abandoned by the incumbent government in 2010.

¹¹ The Territorial Agenda 2020 issued in May 2011 during the Hungarian presidency is also very important for the DRS, see the related EU documents of the Council of Ministers (2007,2011a,b).

¹² In fact, the official, intergovernmental cooperation in several Pas has begun, but no decision has been made so far in Hungary between/among the conflicting policy areas as energy, environment, shipping-connectivity etc, see later the DaNet and DATOURWAY programs.

¹³ After Etelka Pataki Barsiné, from 1 January 2012 Balázs Medgyessy, the head of green section of Fidesz has been a new government commissioner for the DRS in the Ministry of Foreign Affairs. There are three super-ministries in the Hungarian government with largely overlapping and confusing competences. Obviously, this situation has impacted seriously on the current marginalization of the DRS in Hungary.

¹⁴ The two Hungarian macro-regions concerned have also been organizing international conferences, see Macro-region at the crossroads of North-South and East-West on the Danube Region (Szeged, 21-22 June 2010), the Borderless Europe conference in Pécs (on 11-12 October 2010, see Tuka and Taróssy, 2010). I have dealt with the "destruction" of the Hungarian administration by the incumbent government at length in a recent paper (Bumpy Road of the Hungarian Administrative Elite to Social Status, forthcoming in the International Review of Administrative Sciences).

¹⁵ As to the challenges for the DRS implementation in Hungary with the role of civil society it is enough to mention that the interest in the Danube cooperation emerged in Hungary in the mid-2000s. On 4-5 July 2007 already a big international conference was organized in Dunaújváros (see Veres, 2008) by the Hungarian Association of Spatial Development (HASD). The HASD has been very active, since it has managed two subsequent international development projects along the Danube as the Donauregionen and later the Donauregionen+ (2009-2012) under the leadership of Lajos Veres. On 4-7 May 2011 there was a Danube International Conference in Budapest for the EFAP (European Forum for Architectural Policies).

¹⁶ The DanubeNET conference series covered also e.g. Lendava (12 January 2012), Osijek (19 January 2012), Brno (3-4 April 2012), Maribor (17 May 2012), Zagreb (18 May 2012) and it was supposed to end in Budapest on 28-30 June 2012. Actually, 29 June is the Danube day that was celebrated in many countries concerned, but there was no Budapest conference at that time. The new Dunaújváros conference was announced as a government supported event (Danube Area Cohesion – International Scientific Conference) on 5-6 September 2012. On 6 October 2011 there was also an international conference in Sárvár (South-West Hungary) on the cross-border cooperation with the participation of the Austrian, Croatian and Slovak officials as a preparation for the above network-creating conference series.

¹⁷ In Hungary, before and after the series of international governmental conferences the Blue Ribbon project has organized some national and international conferences on 4 December 2009, 20 January 2010, 18 March 2010 and 10 November 2011. It has edited so far two books on DRS (see Ágh, Kaiser and Koller, 2010, 2011). It is also necessary to mention the important role of the Andrassy German speaking university (Budapest) in the DRS research and its coordination.

¹⁸ METIS-Vienna has prepared an overview of the financial opportunities in DRS for the Commission and it has also organized some meetings (see METIS-Vienna, 2012). The funding possibilities for the HCS cooperation are basically connected with the two IPA projects, and with some other specific projects of transnational and/or interregional cross-border cooperation. Thus they suppose strengthening cooperation of project preparation between Hungary, Croatia and Serbia through the DRS implementation. Altogether, with the four neighbouring countries – including Slovakia and Romania – Hungary has a fund of € 1.3 billion for the 2007-2013 period.

¹⁹ In both Croatia and Serbia there have been high expectations on DRS. On 15 November 2011 there was a Belgrade conference on DRS for Serbia, and on 15 December 2011 for Croatia, to be followed by some more or less "official" conferences. On 29 June 2012 a DRS implementation conference took place in Belgrade, see Danube Region Strategy, Serbia, 2012.

²⁰ See the Hungary, Croatia and Serbia country assessments in the Bertelsmann Transformation Index (BTI 2012, Table) for 128 countries, as the Status index of political and economic transformation (SI) and the Management index-Political leadership toward democracy (MI). *Hungary*: rankings SI 17 and 11 – MI 48, *Croatia*: rankings SI 16 and 14 – MI 22, *Serbia*: rankings SI 23 and 31 – MI 31. The Human Development Index (2011:16): Hungary (38), Croatia (46) and Serbia (59).

²¹ Wider relevance of DRS for the SEE region depends on the continuation of enlargement. The three ECE Foreign Ministers in a letter to the EU on 8 December 2011, before the EUCO summit on 9 December 2011, supported giving the candidate status to Serbia as they had also supported the Croatia's EU accession process. The V4 leaders have expressed several times their support for the WB enlargement.

²² The institutional system of DRS has slowly taken shape. On 30-31 January 2012 there was the second meeting of National Contact Points (NPCs) and Priority Area Coordinators (PACs) in Bucharest. In addition, the official intergovernmental cooperation in several PAs has begun, e.g. on 31 May 2012 there was a Hungarian-Czech meeting in the energy PA.

²³ The old member states in the nineties realized the significance of the governance deficit in future the NMS. In order to promote performance democracies, beyond the OECD and World Bank general instructions, in the nineties there were special Sigma and Puma public administration programmes launched for modernising the NMS governments. The WB countries would need similar projects within DRS.

²⁴ For a comprehensive analysis of the Balkan democratizations see Balfour and Stratulat, 2011, see also Dzihic and Segert, 2011. Some authors argue that there is a "lack of analysis on the post-Yugoslav regions" with its "defective democracies" in general, although there is a reference to the "limited civil society tradition" and "considerably low level of mutual trust among its overall population" (Bukovic and Vidacak, 2010:207). On the regionalization in the Balkans, see Pálné, 2011.

²⁵ Although cohesion policy and EU2020 Strategy have been closely connected with the DRS, there is no space in this paper to analyze the debates around the cohesion policy for 2014-2020. The views of the Friends of Cohesion have been best summarized in Zerka (2011) through combining cohesion and competitiveness (and innovation) as a "smart" cohesion policy. The Report on effective multilateralism (Van Langenhove, 2012) has also underlined that the EU can only play a meaningful role as a Global-Regional Actor, if it maintains its internal coherence as Cohesive Europe.

²⁶ Recommendations for transition management in the HCS triangle are as follows: (1) to organize the common HCS Council for transition management; (2) to formulate the common priorities within the larger set of DRS; (3) to upgrade the separated national projects into the common DRS project; (4) to launch a communication campaign on DRS. See the importance of Communicating Europe (Samardzija and Vidacak, 2008:72-73), it would be even more so in the DRS case.

²⁷ On MLG see the latest documents, CoR, Committee of Regions, 2011c, 2012.

²⁸ On 15 November 2011 GAC published its Conclusions on the review of BRS, indicating that the major review of the macro-regions will be in mid-2013, at the time of the Croatian entry (Council conclusions, 2011b:8-9).

²⁹ Actually, the first evaluation of the first year of the DRS implementation has been given by Walter Defaa, the newly appointed Director-General for Regional Policy. In a very optimistic mood he has summarized the institution-building in DRS, but he has noted that "The two existing Strategies – especially the Danube Strategy – are relatively new, and their results have not been fully tested yet. A report on the added value for the Danube work is being prepared for early 2013." (Danube Region Strategy Newsletter, Spring Issue, 2012:2).